

## Message Text

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73/52

ACTION ARA-17

INFO OCT-01 EUR-25 IO-12 ADP-00 ACDA-19 CIAE-00 INR-10

L-03 NSAE-00 NSC-10 RSC-01 SCI-06 GAC-01 SCEM-02

RSR-01 /108 W

----- 009311

R 071728 Z MAY 73

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC 2813

INFO AMEMBASSY MADRID

AMEMBASSY SANTIAGO

AEC GERMANTOWN

C O N F I D E N T I A L IAEA VIENNA 3739

C O R R E C T E D C O P Y - OMISSION IN PGH FOUR

E. O. 11652: GDS

TAGS: TECH, IAEA, CI, SP

SUBJECT: POSSIBLE ENRICHED URANIUM SUPPLY TO CHILE  
THROUGH IAEA

REF: STATE 84801

1. CHILEAN REPS ( COL ESTRADA, WHO HAS BEEN IN MADRID WORKING ON PROPOSED RESEARCH REACTOR, AND SANTIAGO BENADAVA, COUNSELOR, CHILEAN EMBASSY) MET WITH AGENCY MAY 4 TO DISCUSS FURTHER THE ARRANGEMENTS FOR SUPPLY OF ENRICHED URANIUM FOR RESEARCH REACTOR TO BE SUPPLIED BY SPAIN. COL ESTRADA SEEMS TO BE ONE OF KEY FIGURES RELATING TO HIS PROJECT. AGENCY UNDERSTANDS HE IS TO BE DIRECTOR OF NEW CENTER.

2. ESTRADA REPORTED THAT SOME PARTS OF REACTOR HAVE ALREADY BEEN SHIPPED AND THAT REMAINING PORTIONS SHOULD BE SENT IN NEAR FUTURE.

3. FOLLOWING UP EARLIER CONVERSATIONS WITH AGENCY,  
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CHILEANS MADE CLEAR THAT THEY DO NOT RPT NOT PROPOSE TO CHANGE ORGANIZATIONS OF THIS PROJECT SOLELY IN ORDER TO FACILITATE OBTAINING RESEARCH REACTOR FUEL THROUGH AGENCY, SINCE THIS WOULD NOT RPT NOT REFLECT FACTS OF SITUATION AND WOULD BE " DISHONEST." CHILEAN REPS ALSO INDICATED THAT RATIFICATION OF NPT AND/ OR TLATELOLCO TREATY NOT RPT NOT POSSIBLE IN SHORT RUN, AND NOTED FURTHER THAT NEED FOR INSURING SUPPLY OF ENRICHED URANIUM FOR THIS RESEARCH REACTOR NOT RPT NOT LIKELY BY ITSELF TO CAUSE GOC CHANGE IN THEIR POSITION WITH RESPECT TO RATIFICATION OF ONE OR BOTH OF THESE TREATIES.

4. AGENCY IN MEANTIME HAD STUDIED MATTER FURTHER AND ADVISED CHILEAN REPS THAT AGENCY MIGHT BE WILLING CONSIDER SUCH PROJECT IF: ( A) AGENCY RECEIVED DESCRIPTION IN SOME DETAIL OF REASONS WHY THEY ARE UNABLE TO ACCOMPLISH OBJECTIVES SOUGHT UNDER PROJECT THROUGH PREVIOUSLY APPROVED CNEN PROJECT, IN WHICH AGENCY ALREADY PARTICIPATING; ( B) AGENCY RECEIVED DETAILED REASONS AS TO WHY PROJECT HAS TO BE UNDER MILITARY RATHER THAN CIVILIAN CONTROL; ( COMMENT: ACCORDING TO AGENCY, REASONS ARE BASICALLY DUE TO GOC INTERNAL PROBLEMS AND FACT THAT CHILEAN ARMY BELIEVES IT CAN ACCOMPLISH OBJECTIVES " MORE EFFICIENTLY"; ) ( C) CHILEANS WERE TO OFFER FORMALLY TO PLACE ENTIRE NUCLEAR CENTER UNDER AGENCY SAFEGUARDS INCLUDING PROPOSED RESEARCH REACTOR AND FUEL UNDER DISCUSSIONS, PLUS ANYTHING ELSE THAT MIGHT BE INTRODUCED INTO CENTER IN FUTURE. ( COMMENT: CHILEAN REPS HAD PROPOSED LATTER EARLIER IN DISCUSSIONS.)

5. AGENCY WENT ON TO EXPLAIN THAT IF INFORMATION SUPPLIED BY CHILEANS IN ACCORDANCE FOREGOING WERE FOUND TO BE SATISFACTORY TO SECRETARIAT, DG WOULD HAVE TO CITE GOOD PORTION OF INFORMATION IN BG DOCUMENT IF AND WHEN PROJECT SUBMITTED TO BOARD. IN ADDITION, BG DOCUMENT WOULD MAKE REFERENCE TO SPANISH- CHILEAN AGREEMENT FOR COOPERATION FOR PEACEFUL USES OF NUCLEAR ENERGY, INCLUDING CHILEAN OBLIGATION TO SPAIN THAT ITEMS SUPPLIED PURSUANT TO THIS AGREEMENT ARE TO BE USED ONLY FOR PEACEFUL PURPOSES, THUS UNDERSCORING FACT THAT PROJECT WILL BE FOR " PEACEFUL PURPOSES", DESPITE FACT THAT NOMINALLY IT WOULD BE UNDER CONFIDENTIAL

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CONTROL OF CHILEAN ARMY. DEFINITION OF " PROJECT" AND SAFEGUARDS PROVISIONS IN NORMAL SUPPLY AGREEMENT WOULD BE EXPANDED TO INCLUDED ENTIRE CENTER.

6. CHILEAN REPS NOTED FURTHER THAT DEMARCHE HAD BEEN MADE IN WASHINGTON, AS ALSO REPORTED REFTEL. THEY NOTED FURTHER THAT THEY WANT SUPPLY OF ENRICHED

URANIUM FUEL FROM U. S. AND THAT, FOR MOMENT, NOT RPT NOT  
CONSIDERING OTHER POTENTIAL SUPPLIERS.

7. CHILEAN REPS NOTED THAT THEIR PLANS CALL FOR EACTOR  
TO GO CRITICAL BY MID- APRIL 1974. NUCLEAR MATERIAL  
SHOULD BE SUPPLIED TO SPAIN, THEREFORE, AT LATEST BY  
MID- SEPTEMBER FOR FABRICATION INTO FUEL ELELEMENTS,  
WHICH MEANS THAT PROJECT AGREEMENT SHOULD BE PRESENTED TO  
BOARD OF GOVERNORS AT ITS JUNE SESSION.

8. AGENCY ADVISES THAT CHILEAN REPS AGREED TO BE IN  
TOUCH WITH SANTIAGO AND TO PREPARE DRAFTS PROVIDING  
JUSTIFICATION SUGGESTED BY AGENCY. NEXT MEETING  
SCHEDULED MAY 9.

9. UNDERSTAND POSITION IN AGENCY ON THIS PROPOSED  
SUPPLY ARRANGEMENT IS DIVIDED, WITH EVERYONE  
BEING HESITANT, BUT SOME MORE THAN OTHERS. STEIN  
( AGENCY LEGAL DIVISION) HAS SUGGEST TO CHILEAN  
REPS THAT HE SERVE AS INFORMAL CONTACT POINT ON PROPOSED  
ARRANGEMENTS FOR THIS SUPPLY TRANSACTION. COMMENT:  
STEIN CLEARLY WISHES TO AVOID SITUATION WHERE AGENCY  
MAKES DETERMINATION THAT PROJECT IS, IN FACT, " FOR  
PEACEFUL PURPOSES" AND WHERE U. S. WOULD DISAGREE WITH  
THIS POSITION. TO THIS END, STEIN HAS KEPT US FULLY  
AND CURRENTLY INFORMED AND PROMISED TO CONTINUE DOING  
SO IN THE FUTURE.

10. MISSION WOULD APPRECIATE RECEIVING AEC/ DEPARTMENT  
VIEWS RE AGENCY'S APPROACH NOTED ABOVE. ADVISE SOONEST.  
PORTER

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SANTIAGO  
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